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# **school lunches... A BILLION-DOLLAR MARKET FOR FOOD**



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U.S. DEPARTMENT OF AGRICULTURE • CONSUMER AND MARKETING SERVICE • WASHINGTON, D.C.

The School Lunch Program is one of America's biggest markets for food eaten away from home. The school lunch market is growing fast, and could grow much faster if enough people help. Two USDA research studies, 5 years apart, tell about it—and may show where you can fit in.



## **school lunches... A BILLION-DOLLAR MARKET FOR FOOD**

### ***summary***

School lunches in America have grown into a billion-dollar market for food in less than a generation since the National School Lunch Act was passed in 1946.

School officials buy most of this food—from institutional suppliers, wholesalers, processors, and retailers in communities throughout the Nation.

Good health for children is good business for the food and related industries.

Gains in the number of children in school should add at least a quarter billion dollars to this market by 1975.

But it can grow far greater if—

**IF**     • People pitch in to start a lunch program in schools that don't have one—especially the old schools in cities and one-room schools in the country, where youngsters need school lunches most.

**AND IF**     • Someone can influence *all* the children in schools that have good lunches to realize they need to eat those lunches for their own health and happiness.

**AND IF**     • Everyone makes sure that no child goes hungry because he can't afford to pay for his lunch.

This takes food; people to buy it, prepare it, and serve it; a place for youngsters to eat it; equipment to do these things; and money to pay for it all. Problems? Yes. But a lot of local folks are showing these problems can be solved by adding ideas and energy to the recipe.

A vigorous, competitive food industry can help by learning the needs and finding the best low-cost ways to meet the needs.



## *the market*

Here are some highlights of the market for food in the Nation's schools, based on a detailed survey by the U.S. Department of Agriculture in the 1962-63 school year:<sup>\*</sup>

- School lunchrooms served food valued at slightly more than \$1 billion. Public schools accounted for \$929 million; private schools about \$77 million.
- Public and private schools affiliated with the National School Lunch Program served foods valued at \$935 million.
- Expansion in food use has been substantial. In public school lunchrooms, where comparative data are available, the value of foods rose from \$597 to \$929 million in 5 years—a gain of 56 percent.
- By far, the bulk of the food used in school lunchrooms was purchased by the schools locally. For every dollar's worth of food donated by the Federal Government in 1962-63, nearly four dollars' worth was purchased from local sources. In 5 years, local food purchases by public schools rose by approximately \$215 million—more than \$40 million each year.
- Fluid whole milk was the largest single item. More than \$311 million was used for milk purchases—or about 31 percent of the school food dollar. An additional \$35 million worth of fluid whole milk was consumed in schools which did not offer lunch services.
- Next to milk, ground beef is perhaps the most popular single item. In public schools, around 118 million pounds were delivered in 1962-63, compared with 84 million pounds in the earlier period. Canned

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\* "The Market for Food in the Nation's Schools," MRR No. 702, available from Office of Information, U.S. Department of Agriculture, Washington, D.C. 20250.

peaches, apples, cherries, pears, fruit cocktail, green beans, green peas, tomatoes, and corn constituted a major proportion of the 686 million pounds of canned fruits and vegetables used in public schools during 1962-63.

- In general, the likes and dislikes of the children-customers are reflected in the foods used in school feeding. The table on page 5 details the kinds, types, and values of foods used in public schools in 1962-63, including foods donated by the U.S. Department of Agriculture, compared with 5 years earlier.

Food sources, buying procedures, and buying patterns vary, depending on the size of the school, the articles purchased, and time of the year.

### *the buyer*

- Nearby wholesalers, distributors or processors supplied about 85 percent of the \$780 million worth of food purchased by schools in 1962-63.

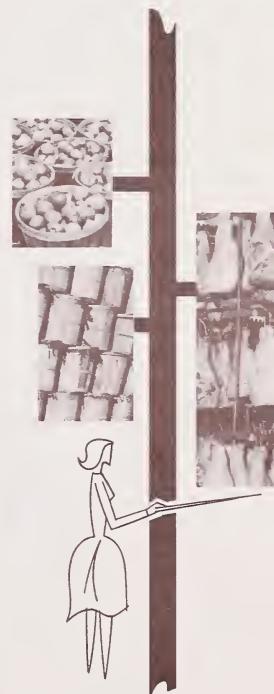
• Local retailers supplied substantial quantities of fresh fruits and vegetables, meats, poultry, and fish. Approximately 15 percent of these foods used in large schools (over 300 pupils) was bought from this source. A larger proportion—about 25 percent—was purchased at retail by small schools.

- Farmers were an important source of eggs. Small quantities of other perishable foods were also purchased directly from growers.

- Purchase contracts were most important among larger schools.

- Routemen and the telephone were used most frequently by buyers for small school kitchens.

- During 1962-63, the money value of food deliveries tended to be stable during the months September through April—excepting December. Deliveries in May were reduced prior to the close of school.



# Value of All Foods Delivered to July 1962–June 1963 Comp

FOODS	VALUE OF FOOD		
	1957-58	1962-63	Change
	Million dollars	Million dollars	Percent
MILK AND MILK PRODUCTS.....	231.2	341.7	47.8
Fluid whole milk.....	192.3	285.2	48.3
Ice cream and ice cream milk products.....	17.0	28.3	66.5
Other.....	21.9	28.3	29.2
FATS AND OILS.....	43.5	65.9	51.5
Butter.....	35.9	54.2	51.0
Other.....	7.6	11.7	53.9
FLOUR AND OTHER CEREAL PRODUCTS.....	15.1	24.8	64.2
Prepared flour mixes.....	2.0	1.6	-20.0
Cereals.....	7.7	9.9	28.6
Other.....	5.4	13.3	146.3
BAKERY PRODUCTS.....	45.8	63.0	37.6
Bread.....	23.1	23.5	1.7
Other baked goods.....	22.7	39.5	74.0
MEAT.....	83.1	135.0	62.5
Beef.....	49.0	74.7	52.4
Pork.....	13.3	33.0	148.1
Lunch meats.....	18.5	23.5	27.0
Other.....	2.3	3.7	60.9
POULTRY.....	11.7	40.7	247.9
FISH.....	12.8	21.8	70.3
EGGS.....	10.0	15.1	51.0
SUGARS, SWEETS.....	8.3	14.3	72.3
Sugar.....	5.0	10.5	110.0
Other.....	3.3	3.8	15.2
POTATOES.....	13.7	23.7	73.0
White.....	9.0	11.0	22.2
Sweet.....	1.3	4.5	246.2
Potato chips and sticks.....	3.2	6.3	96.9
Dehydrated.....	.3	2.0	566.7
VEGETABLES, FRESH.....	14.4	19.2	33.3
Carrots.....	1.7	1.7	0
Cabbage.....	2.8	3.6	28.6
Lettuce.....	3.4	5.2	52.9
Other.....	6.5	8.7	33.8

**Value of All Foods Delivered to Public Schools with Food Service,  
July 1962–June 1963 Compared to July 1957–June 1958<sup>1</sup>**

FOODS	VALUE OF FOOD			FOODS	VALUE OF FOOD		
	1957–58	1962–63	Change		1957–58	1962–63	Change
	Million dollars	Million dollars	Percent		Million dollars	Million dollars	Percent
MILK AND MILK PRODUCTS.....				FRUITS, FRESH.....			
Fluid whole milk.....	231.2	341.7	47.8	Citrus.....	6.4	10.2	59.4
Ice cream and ice cream milk products.....	192.3	285.2	48.3	Apples.....	1.6	1.6	0
Other.....	17.0	28.3	66.5	Other.....	2.4	2.4	0
	21.9	28.3	29.2	FROZEN FRUITS AND VEGETABLES.....	2.4	6.2	158.3
FATS AND OILS.....	43.5	65.9	51.5	Fruits.....	1.5	3.7	146.7
Butter.....	35.9	54.2	51.0	Vegetables.....	.2	.8	300.0
Other.....	7.6	11.7	53.9	CANNED FRUITS AND VEGETABLES.....	1.3	2.9	123.1
FLOUR AND OTHER CEREAL PRODUCTS.....	15.1	24.8	64.2	Fruits.....	64.0	93.3	45.8
Prepared flour mixes.....	2.0	1.6	—20.0	Apples.....	27.9	42.2	51.3
Cereals.....	7.7	9.9	28.6	Peaches.....	5.1	8.2	60.8
Other.....	5.4	13.3	146.3	Cherries.....	7.3	9.7	32.9
BAKERY PRODUCTS.....	45.8	63.0	37.6	Pears.....	2.3	4.9	113.0
Bread.....	23.1	23.5	1.7	Pineapple.....	2.5	5.3	112.0
Other baked goods.....	22.7	39.5	74.0	Mixed fruit.....	3.1	4.7	51.6
MEAT.....	83.1	135.0	62.5	Other.....	2.6	4.6	76.9
Beef.....	49.0	74.7	52.4	Vegetables.....	5.0	4.8	—4.0
Pork.....	13.3	33.0	148.1	Green and wax beans.....	36.2	51.0	40.9
Lunch meats.....	18.5	23.5	27.0	Peas.....	8.7	11.5	32.2
Other.....	2.3	3.7	60.9	Corn.....	6.3	8.4	33.3
POULTRY.....	11.7	40.7	247.9	Tomatoes and tomato products.....	5.4	8.3	53.7
FISH.....	12.8	21.8	70.3	Other.....	5.1	9.7	90.2
EGGS.....	10.0	15.1	51.0	JUICES.....	10.7	13.1	22.4
SUGARS, SWEETS.....	8.3	14.3	72.3	DRIED FRUITS AND VEGETABLES.....	1.3	2.9	123.1
Sugar.....	5.0	10.5	110.0	Dried fruits.....	3.6	3.4	—5.6
Other.....	3.3	3.8	15.2	Dried vegetables.....	.9	.7	—22.3
POTATOES.....	13.7	23.7	73.0	BEVERAGES.....	2.6	2.7	3.8
White.....	9.0	11.0	22.2	MISCELLANEOUS FOODS.....	26.5	42.9	61.9
Sweet.....	1.3	4.5	246.2	Peanut butter.....	1.8	4.1	127.8
Potato chips and sticks.....	3.2	6.3	96.9	Puddings, pie fillings, miscellaneous sweets.....	5.8	14.3	146.6
Dehydrated.....	.3	2.0	566.7	Soups.....	3.4	5.0	47.0
VEGETABLES, FRESH.....	14.4	19.2	33.3	Other.....	15.5	19.5	25.8
Carrots.....	1.7	1.7	0	GRAND TOTAL.....	597.0	929.4	55.7
Cabbage.....	2.8	3.6	28.6				
Lettuce.....	3.4	5.2	52.9				
Other.....	6.5	8.7	33.8				

<sup>1</sup> To facilitate comparisons with the 1957–58 survey period, public schools only are included. Private schools add \$77 million to the school food market. These figures do not include schools serving milk only.



## *the food industry's role*

Institutional suppliers, wholesalers, processors, and retailers in communities having school lunch programs have an opportunity to increase their volume through sales to the program. They can also participate more actively by supporting the programs and encouraging their expansion. School lunch programs are essentially community projects.

- School lunch managers face many problems. They have limited budgets and must constantly stretch their resources to provide nonprofit, nutritious lunches at low cost. The food industry's advice on good food buys, or tailored delivery schedules, for example, can contribute to this objective.
- Frequently program managers cannot take advantage of good food buys because they lack adequate storage. Industry might cooperate in such contingencies by suggesting alternatives.
- Advice or help that would reduce the cost of lunches is likely to increase the number of participants—statistics show that students buy fewer lunches when the price of each lunch goes above 25 cents.
- School lunches contribute significantly to a child's physical and mental development. They also develop markets and increase consumption of farm products. But only 36 percent of all grade and high school pupils in the United States buy plate lunches at school each schoolday. Reasons vary as to why the other 64 percent do not participate.
- Many of the latter attend schools without facilities for preparing and serving lunches. Such schools are usually the older ones located in low-income sections of larger cities and the smaller, less modern ones in rural areas. But in any area of concentrated

poverty, many schools cannot sponsor a lunch program in which a high percentage—sometimes a majority—of the children can pay little or nothing.

- Local interest and ingenuity are needed to solve these problems.

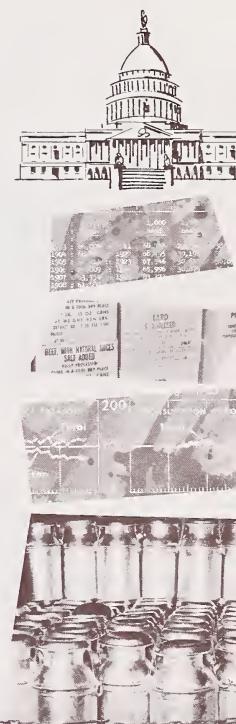
The Congress of the United States passed the National School Lunch Act in 1946—"to safeguard the health and well-being of the Nation's children, and to encourage the domestic consumption of nutritious agricultural commodities and other food." The Act is administered by the U.S. Department of Agriculture's Consumer and Marketing Service.

During the survey year, the Federal Government's contribution in cash and food, including specially purchased food, amounted to about 11.5 cents per lunch, of which over 4 cents were cash payments. This contribution, added to State and local contributions, enable most schools in regular programs to serve lunches for 25 or 30 cents that cost nearly 50 cents to prepare—and to serve about 10 percent of the lunches free or at reduced prices to needy children.

The foods that USDA buys or makes available to the schools fill a nutritional need. They also promote markets. The list of foods offered changes year by year, encouraging students to eat a variety of foods. Often the Federal donations introduce school lunch programs to foods entirely new to them.

Many foods, regional staples for generations, have become national favorites—thanks to the universality of the National School Lunch Program. Such foods include rice and cornmeal. Cornbread, for example, has become such a favorite in some schools that students virtually demand that it be served at least once a week—and this in areas where it was unknown

### *the federal government's role*



before 1946. National School Lunch specialists have also encouraged the use of many other foods that local lunchroom managers now find almost indispensable in their menu planning—dry milk, dried eggs, dehydrated potatoes, and many others. Canned fruits such as pears and plums have also found wider acceptance through the National School Lunch Program.

The Federal Government's normal assistance to schools in the program is, where possible, increased to help schools in areas of serious poverty. This reflects continuous effort toward USDA's goal of a lunch for every child at school regardless of his parents' income or the section in which he lives.

### *the market's potential for growth*

School enrollment is expanding. Projected enrollment by 1975 ranges from 52 to 58 million.

By 1975, the school food market should expand by at least a quarter billion dollars. This is based upon the increasing school enrollments alone. But if more schools were able to sponsor programs and if more students were able to participate, the quarter billion could be materially increased.

### *the special milk program*

The Special Milk Program was authorized by Congress in 1954. It is designed to increase the consumption of locally purchased milk by children in grade schools and high schools, in child-care centers, and in other nonprofit institutions for children. Children get the milk at reduced cost, or free, if they are unable to pay.

### *other information*

USDA issues food-buying and menu-planning guides for use by school lunch program managers. These might assist local food merchants in meeting the

needs of program managers in their communities.

USDA's Consumer and Marketing Service also compiles a list of plentiful foods each month. Buyers of school lunch foods use it as a guide to good buys locally. Food merchants may also help school lunch managers by employing the plentifuls list not only in suggesting good buys but also in offering appropriate tie-in foods.

USDA provides the food industry and the general public with full information on its intentions to buy food for school lunch distribution, invites bids, and reports the details of all such purchases when made. Such information may help local suppliers to suggest additional supplies of these same foods, or supplemental and "fill-in" items to local school lunch buyers.

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